

March 19, 1999

T O: All Medicare Managed Care Organizations (MCOs)

SUBJECT: Managed Care Systems Processing Under the Balanced Budget Act (BBA)/RLINK Replacement--**INFORMATION**

PURPOSE

This letter presents information to you regarding two major areas in which your systems will be impacted. The first area is that several processing issues have been encountered due mainly to the implementation of the BBA provisions, which may require action on your part. Second, this letter will serve as preliminary notice to you of the upcoming replacement of the RLINK software and migration of the Cost and HCPP organizations to the Medicare Data Communications Network (MDCN). An Operational Policy Letter (OPL) containing detailed requirements regarding the RLINK replacement/MDCN migration will be released to you in the near future. For future reference, this letter will also be posted on our Internet site <http://www.hcfa.gov/medicare/systinfo.htm>.

SYSTEMS ISSUES

1999 End-Stage Renal Disease (ESRD) Payment Rates

The BBA mandated that a withhold be applied to dialysis treatments received by MCO members to fund the ESRD network. This amount is applied to the Part B ESRD rate and is equal to a \$5.25 per ESRD member per month reduction. The withhold was implemented by subtracting \$5.25 from the State-level ESRD rate tables. This was done, instead of a separate reduction applied to each ESRD member's payment rate by the Group Health Plan (GHP) system, to minimize implementation impact. Since the rate table change was the operational implementation of the BBA provision and not a rate-setting change, the Medicare + Choice (M+C) payment rate tables on the Internet site (hcfa.gov/stats/hmorates/aapccpg.htm) will not be updated. The reduced rates, however, may be found in McCoy using Option 5 - View ESRD Rates.

Enrollment/Disenrollment Transaction Header Record Dates--M+C MCOs Only

The BBA mandated M+C enrollment effective dates to be the first of the month following the month the MCO receives the completed application. This means that M+C MCOs can use current-month dates on their enrollment transactions (i.e., completed applications received in December submitted by the January 6 cutoff date must have an effective enrollment date of January 1). MCOs were instructed in the use of these dates via OPL #74 and a letter to all MCOs dated November 17, 1998.

While the enrollment effective dates can reflect a current month, the date on the header record should not. Dates on header records should continue to reflect the payment month as was done before the BBA enrollment changes. They should not be changed to agree with the enrollment effective dates. In the example above: for the January cutoff date of January 6, the enrollment effective date could be January 1, but the header record date should be February 1. If the date on the header record was January 1, the file would not be processed. MCOs should always verify that their transactions are accepted by checking the Plan Transfer Tracking reports.

Please note, when verifying payment amounts under current-month enrollment processing, as in the above example, the Monthly Membership Report will include the January 1 payment as an adjustment payment due to retroactive enrollment, and the February 1 payment as the current month payment.

Prospective Enrollments--HCPPs and Cost MCOs Only

The BBA had no impact on submittal of enrollment transactions by HCPPs and Cost MCOs. The current-month processing and use of appropriate dates described in the previous section of this letter apply only to M+C (risk based) MCOs. HCPPs and Cost MCOs must continue to submit prospective enrollments (e.g., for March cutoff date of March 10, the enrollment effective date can be April 1, May 1 or June 1, and the header record date should be April 1 submitted in the appropriate date format, MMYYYY).

Current-Month Enrollments and Demonstration MCOs

Some MCOs with demonstration contracts are considered M+C organizations and are subject to the BBA provisions. To determine if your demonstration operates under the M+C rules, contact your plan manager or check your Plan Payment Report. If your organization is considered a M+C MCO, the Payment Report will show the BBA User Fee deduction. If your demonstration operates as a M+C organization, you may submit current month enrollments.

Code 60 Enrollments for Employer Group Health Plans (EGHP)

The use of the transaction code 60 is for EGHPs to submit retroactive enrollments. The acceptable time period for the retroactive enrollment is up to 3 months prior to the current processing month or payment month. For example, if current processing is for the April 1 payment, a code 60 transaction can be submitted with enrollment effective dates -- April, March or February. This 90-day timeframe has not changed even though M+C organizations can now submit code 61 transactions effective 1 month prior to the current payment month (referred to as current-month enrollment).

Hospice Period Updates

As reported to you previously, we experienced delays in obtaining accurate hospice data from HCFA's operating systems. Many of you have seen unexpected adjustments and updates. Since the BBA became effective August 1997, the Common Working File (CWF) which is our source for hospice elections, had to reformat the hospice periods from that point in time. (Since beneficiaries were in different periods, decisions had to be made as to where to place them in the BBA structure.) Prior to the BBA, there were four periods: the last, an unlimited number of days; The BBA implemented two 90-day periods followed by unlimited numbers of 60-day periods. If a beneficiary was in the fourth unlimited period, CWF ended it and started a new 60-day period. If the beneficiary was in any of the prior periods, CWF adjusted accordingly. These changes to historic periods, in most cases, did not cause any net payment adjustments even though you may have seen hospice period

adjustments on your reports. Hospice adjustments dated June 1998 and forward would have resulted in net payment adjustments as they reflected new hospice elections.

In addition, a new problem which began in December, is that CWF is not passing all of the hospice periods to the other HCFA systems. We do not know the severity of this problem at this time. As soon as we are assured that accurate hospice data can be updated, all current payments, if incorrect, will be adjusted.

RLINK REPLACEMENT

RLINK and MDCN Migration

Some MCOs use RLINK software to transmit enrollment, disenrollment, and correction data to HCFA. In addition, this software allows MCOs to view and download enrollment and payment reports. HCFA will be replacing the RLINK product as it is not millennium-compliant and fails to meet agency data security requirements. All users must be migrated from RLINK before the end of FY'99. NDM users will not be required to utilize the replacement as HCFA will continue to support the NDM method of transmission.

The replacement will utilize a web browser (Internet Explorer) to access a client gateway site on the HCFA Data Center (HDC). This gateway will simulate the 3270 environment and allow mainframe sessions to occur; e.g., transmission of enrollment data.

HCFA is consolidating access pathways and is requiring all users to obtain Medicare Data Communications Network (MDCN) connectivity through IBM Global Services (IGS). Currently, risk-based MCOs already have this access to submit encounter data.

Complete information and detailed instructions concerning the RLINK replacement and the MDCN will be sent to you soon in the form of an Operational Policy Letter. In the interim, if you have any questions about the information provided, please contact the Health Plan Payment and Operations Support Team's Plan Communications Desk on 410-786-7613.

Sincerely,

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